

Filed by Express Mail
(Receipt No. EV479702825MS)
on 12-22-2005
pursuant to 37 C.F.R. 1.10
by Frances Doyle

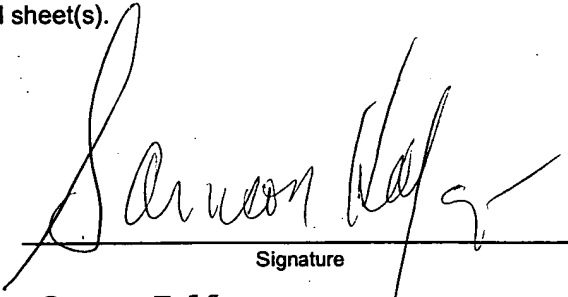
Doc Code: AP.PRE.REQ

PTO/SB/33 (07-05)

Approved for use through xx/xx/200x. OMB 0651-00xx

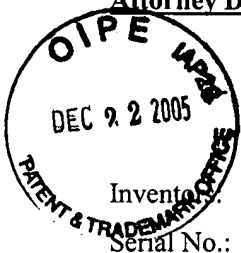
U.S. Patent and Trademark Office; U.S. DEPARTMENT OF COMMERCE

Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number.

PRE-APPEAL BRIEF REQUEST FOR REVIEW		Docket Number (Optional) 021180-00053 (BRWN 20.199)	
<p>I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to "Mail Stop AF, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450" [37 CFR 1.8(a)]</p> <p>on _____</p> <p>Signature _____</p> <p>Typed or printed name <u>Frances Doyle</u></p>		Application Number 10/010,340	Filed 12/05/2001
		First Named Inventor Owen H. Brown, et al.	
		Art Unit 3627	Examiner Gerald J. O'Connor
<p>Applicant requests review of the final rejection in the above-identified application. No amendments are being filed with this request.</p> <p>This request is being filed with a notice of appeal.</p> <p>The review is requested for the reason(s) stated on the attached sheet(s). Note: No more than five (5) pages may be provided.</p> <div><div><p>I am the</p><p><input type="checkbox"/> applicant/inventor.</p><p><input type="checkbox"/> assignee of record of the entire interest. See 37 CFR 3.71. Statement under 37 CFR 3.73(b) is enclosed. (Form PTO/SB/96)</p><p><input checked="" type="checkbox"/> attorney or agent of record. Registration number <u>23,072</u></p><p><input type="checkbox"/> attorney or agent acting under 37 CFR 1.34. Registration number if acting under 37 CFR 1.34 _____</p></div><div><p> Signature Samson Helfgott Typed or printed name</p><p><u>212-940-8683</u> Telephone number</p><p>December 22, 2005 Date</p></div></div> <p>NOTE: Signatures of all the inventors or assignees of record of the entire interest or their representative(s) are required. Submit multiple forms if more than one signature is required, see below".</p>			
<p><input checked="" type="checkbox"/> *Total of <u>1</u> forms are submitted.</p>			

This collection of information is required by 35 U.S.C. 132. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.11, 1.14 and 41.6. This collection is estimated to take 12 minutes to complete, including gathering, preparing, and submitting the completed application form to the USPTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, U.S. Department of Commerce, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Mail Stop AF, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

If you need assistance in completing the form, call 1-800-PTO-9199 and select option 2.



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Inventor: Owen H. Brown, et al.
Serial No.: 10/010,340
Filed: December 5, 2001
Title: **SECURED DIGITAL ESCROW ACCOUNT TRANSACTION...**
Examiner: Gerald J. O'Connor
Group Art Unit: 3627

December 22, 2005

Mail Stop AF
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

**PRE-APPEAL BRIEF
REQUEST FOR REVIEW**

Filed by Express Mail
(Receipt No. EV479702825US)
on 12-22-2005
pursuant to 37 C.F.R.1.10.
by Frances Dwyer

SIR:

REASONS FOR PRE-APPEAL BRIEF REQUEST FOR REVIEW

This request is being submitted together with the Notice of Appeal, and the Pre-Appeal Brief Request for Review form, in accordance with the Pre-Appeal Brief Conference Program issued in the OG of 12 July 2005.

It is believed that in the first action final rejection dated November 16, 2005, which issued on the recently filed RCE, the examiner has failed to take into consideration the language of the claims, the amendments filed to the claims, and the arguments submitted together with such amendments.

BACKGROUND

This invention relates to a method for impounding escrow funds (by way of example, tax payments) during the course of a merchant handling a credit card transaction.

Typically, when a merchant receives a credit card in payment for a transaction, he submits the credit card for authorization of the particular transaction. An electronics funds processor (EFP) processes the amount and gets authorization from the credit card issuer. When it receives such authorization, it advises the merchant and funds are transferred accordingly.

The method of the invention is to make use of such systems for making tax payments (or the like). While such systems have generally been known, as for example from the cited references to Kretzler (US 5,644,724) and Hanna, et al (US 6,230,928), a major distinction between these and the present claimed invention exists. In both of these references (and all other systems thus far cited and known to applicants) segregation of the actual tax funds is under the control of the merchant. Such segregation occurs either when the merchant puts in enough funds or when he directs payment, or through some other involvement of the merchant himself in making the payment. The present invention is such that it operates independently of the merchant. There is an automatic debit of the tax amount directly from the funds received

by the electronic fund processor from the credit card issuer, even before the merchant gets his money. The tax amount is actually debited from the money coming in from the credit card issuer and never even reaches the merchant. Therefore, tax payments can be made without any involvement or control of the merchant. This lack of involvement of the merchant is what can make such a system successful. Namely, with known systems such as Kretzler and Hanna, et al., where the merchant is involved, he can withhold or delay tax payments. With the present invention, the tax authorities can be assured of the payment independently of the merchant.

In the Amendment submitted on March 18, 2005, from pages 15-17, applicant submitted evidence of the frustrating efforts of the tax authorities in being able to make such collections without the merchant being able to subvert such collections. It is pointed out how the present system will solve that problem. There were also attached to that Amendment declarations pointing out the benefits that would be achieved by the system of the present invention, and how the present invention is not obvious from current existing systems.

CLAIM REJECTIONS IN THE FINAL OFFICE ACTION

In the final rejection dated November 16, 2005, the examiner in paragraph 5, allegedly points out where Kretzler shows various features of the claimed invention. However, very skillfully the examiner paraphrases the elements of present claim 9 to suit what Kretzler shows, but had not included the actual limitations recited in claim 9. As a result, Kretzler may show the elements recited by the examiner, however, Kretzler does not show the elements claimed in the present invention.

The examiner states that all elements of the claimed invention have been shown by Kretzler, with the exception of the use of an EFP escrow account. For that he cites Hanna, et al. However, even here, the examiner fails to include the specific limitations of this element and instead paraphrases it in a manner so that it reads on what Hanna et al shows, but doesn't read on the language of the claim.

As a result, the examiner concludes that Kretzler (taken for what the examiner has paraphrased the claim) in combination with Hanna et al. (taken for what the _ again paraphrased is the claim) makes claim 9 obvious (as well as other claims). However, the examiner has failed to quote the exact language of claim 9 and therefore has failed to show where the exact language of claim 9 is shown by the combination of Kretzler and Hanna, et al. Examples of such failure will be presented.

(a) With respect to the step of crediting the merchant account, the examiner recites that Kretzler teaches:

“Crediting a tax account of the merchant with payment of the tax amount.”

However, the exact statement of the claimed element is:

“Crediting a merchant escrow account by EFP with the escrow amount, said escrow amount being debited from the received EFP payment.” (Emphasis added.)

The examiner has failed to take into consideration that the claim is limited to the crediting taking place by the EFP. Furthermore, the claim is very specific in stating that the amount is debited from the received EFP payment.

The examiner has failed to take into consideration these specific limitations, which are not shown by Kretzler, and these limitations (along with others) focus on key features of the present invention. At no point has the examiner found any reference where the crediting is done by the EFP and where the amount debited is from the received EFP payment.

Quite the contrary, as applicant has pointed out in his Amendment of August 12, 2005, beginning in the last paragraph of page 6 and continuing through the top of page 9, in Kretzler it is the merchant that submits the money from his own funds when he wants, and makes it available for payment.

(b) Concerning the amount winding up in the merchant account (the amount that the merchant actually receives) the examiner simply states:

“It being inherent to the method of Kretzler that the credit to the merchant (at the end of a taxing period) is a net credit”.

Thus, the examiner simply indicates that ultimately, the amount that winds up in the merchant’s account is a net amount. However, that net amount in the merchants account can come about in two ways. One way is by putting in the total amount, including both the amount that the merchant must get plus the tax amount and thereafter, the tax amount can be subtracted from that account leaving the merchant with a net of only the amount that the merchant should receive after the tax payments. The other method is to only give the merchant the net amount.

All the examiner concludes from Ketzler is “at the end of a taxing period” the merchant winds up with a net amount which excludes the tax amount.

However, Kretzler teaches that the total amount is deposited, and it is only when the merchant desires to pay he authorizes the money to be taken out of his account. Of course, at the end of the taxing period, the merchant winds up with a net amount. However, that is not what the claim says. The claim limitation recites as follows:

“Crediting a merchant account by EFP with only a net payment for the one or more authorized transactions, said net payment being credited by an amount equaling the received EFP payment reduced by the escrow amount.” (Emphasis added.)

In our claim, the net payment results not because the total amount is deposited in the merchant’s account and later the tax amount subtracted by the merchant for paying the tax whereby he ends up with a net amount (as the examiner states). In our case, he never receives anything but the net amount.

(c) The very last clause of the method claim recites:

“Wherein the determining, forwarding and crediting steps are executed by the EFP upon receipt of the payment request for the transaction via the merchant POS terminal, without depending on subsequent action by the merchant relating to the merchant escrow account”. (Emphasis added.)

The examiner has never even mentioned this limitation and never even considered where it is shown in any of the references. He totally disregarded this limitation entirely, namely that there is no involvement of the merchant relating to the escrow account.

However, this limitation is significant in that it is one more way of distinguishing over Kretzler, Hanna and the combination thereof. This was pointed out in the Amendment of August 12, 2005, in the discussion from the bottom of page 6 through page 9.

This limitation also points out that all of these steps of determining, forwarding and crediting are executed “upon receipt of the payment request for the transaction.” Thus, the step of crediting, which the claim recites as crediting with the net amount directly from the received funds, with the tax amount being sent to the escrow account, takes place for each transaction. This is specifically contrary to what the examiner quotes Kretzler for. The examiner indicates that in

Kretzler it is credited to the merchant “at the end of a taxing period”. Our claim recites that it is upon receipt of the request for the transaction that such crediting takes place.

This limitation also recites:

“Without depending on subsequent action by the merchant”.

The examiner has not even quoted this part of the claim clearly, not even analyzing it.

(d) At the very end of page 3, the last sentence of paragraph 5, the examiner points out what he believes is the only missing item of Kretzler. Again, however, he paraphrases the missing item without quoting from the claim. In paraphrasing the missing item, the examiner just indicates that in Kretzler, it involves

“The merchant paying the tax amount directly to the taxing authorities, rather than depositing the funds into an EFP escrow account for later payment to the taxing authorities on behalf of the merchant.”

Skillfully, the Examiner makes the distinction of where the tax funds come from (Kretzler-directly, Hanna-escrow account). However, the Examiner doesn’t address who makes the payment. He admits that in Kretzler, the merchant makes the payment, but never addresses this point, nor that in Hanna it is also the merchant who makes the payment. However, claim 9 recites that the EFP makes the payment.

(e) The examiner then cites Hanna et al. However, again he paraphrases and again does not quote the words of the claim. The examiner indicates that in Hanna there is an EFP escrow account into which sales tax amounts of a merchant are directly deposited. However, he neglects to quote that portion from the claim when it says that it is the EFP that deposits it, not the merchant. The examiner carefully avoids identifying who does the depositing, when this is a critical distinction. In Hanna, it is the merchant that does the depositing. In our claim it specifically says that the EFP does the depositing.

This distinction from Hanna was also pointed out in the amendment of August 12, 2005 in the middle of page 10 onto the top of page 11.

RESPONSE TO ARGUMENTS IN FINAL OFFICE ACTION

In the examiner’s Response to Arguments, on page 7, in paragraph 7, he simply says that it is not proper to attack each reference individually but it is the combination that must be addressed. However, the references must first show what the examiner cites them for individually. The examiner cites Kretzler and explains what he determines from Kretzler. Applicant’s arguments pointed out where Kretzler does not support the claim language and not even the paraphrased language for which the examiner cited it for. Furthermore, the examiner cited Hanna to show “third party” escrow functionality. Hanna does not have “third party” escrow functionality. It shows an escrow account, but one that is set up by the merchant. This was again pointed out, and the examiner never responded to that.

Furthermore, the combination of references was clearly discussed on pages 11 and 12 of the response of August 12, 2005 and the examiner never commented on that either.

NO DISCUSSION OF AMENDMENTS

In a telephone interview with the examiner after receiving the June 14, 2005 rejection, these same references were discussed. The arguments were presented and the examiner indicated that some additional limitations were needed to the claims as they then stood. Applicant mentioned including the limitation of “only” in the claim and some of the other limitations now made. The examiner indicated that such limitations would “go a long way” to help the situation.

While it is understood that the examiner's statement is clearly not a commitment, nevertheless, the examiner's statement that such would "go a long way" is indicative that such amendments were at least significant. Nevertheless, after filing the RCE with these amendments, the examiner did not even comment on these amendments but simply repeated "word for word" the previous rejection dated June 14, 2005 without even mentioning these additional amendments which previously he indicated would "go a long way".

In a further telephone discussion with the examiner following receipt of the present final office action dated 11/16/2005, and when the examiner was questioned about why he did not comment on or even include the words in the amendment in his paraphrasing the claim, the examiner explained that he thought such words were "too trivial" to even mention.

From "going a long way" to "too trivial", does not appear to appreciate the claim language of the present invention.

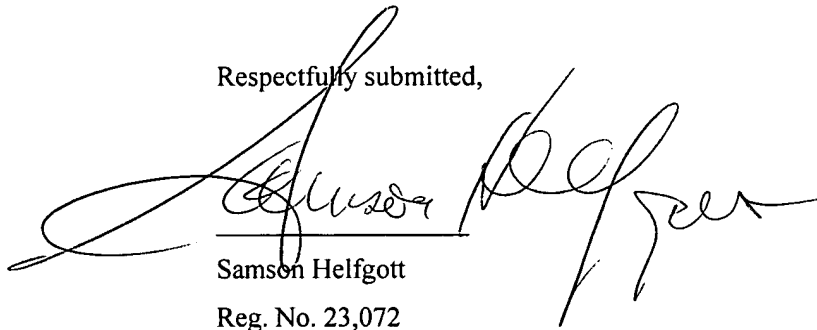
OTHER CLAIMS AND EMBODIMENTS

It is to be noted that although the discussion has been regarding tax payments, the claims are not limited to only such types of payments. The subclaims include also cash transactions, tax free transactions and other features not found in the references as argued in previous amendments.

CONCLUSIONS

It is respectfully requested that the examiners on the Panel review the references, the office action, and the previously submitted amendments and affidavits that are in this file and kindly reconsider such final rejection and pass this application to allowance.

Respectfully submitted,



Samson Helfgott
Reg. No. 23,072

CUSTOMER NUMBER 026304

Telephone: (212) 940-8683

Fax: (212) 940-8987

Docket No: 021180-00053 (BRWN 20.199)

SH/ms